

**REQUEST FOR INFORMATION  
WISCONSIN ENERGY CONSERVATION CORPORATION  
Residential and Business Energy Efficiency Programs  
Financing Contractor Services**

**Date: 08/27/2010**

**RFI Response Due Date: September 10, 2010 by 5:00PM Central Time**

**1.0 Description**

- 1.1 Wisconsin Energy Conservation Corporation (WECC) in support of the Milwaukee Energy Efficiency (ME2) project to be offered in the City of Milwaukee, Wisconsin, is seeking to identify firms that are interested in providing resources to fund and/or administer and deliver the ME2 energy efficiency loan programs as described in this Request for Information.

WECC is seeking responses to this RFI from: 1) lenders who are interested in providing capital or funds for the financing products as well as loan origination and servicing functions (i.e. a “**full-service provider**”); or 2) lenders or capital providers interested in providing capital or funds for the financing products, but not in providing loan origination and servicing functions (i.e. a “**capital provider**”); or 3) firms interested in providing loan origination and servicing functions but not in providing the capital or funds for the financing products (i.e. a “**loan origination and servicing provider**”).

A short description of the ME2 program, including the proposed framework of the proposed energy efficiency retrofit programs, is set forth in Appendix A.

- 1.2 **THIS IS A REQUEST FOR INFORMATION (RFI) ONLY.** This RFI is issued solely for information and planning purposes—it does not constitute a Request for Proposals (RFP) or a promise to issue an RFP at any time in the future. This RFI does not commit WECC to contract for any supply or service whatsoever. Further, WECC is not at this time seeking proposals and will not accept any solicited proposals. Responders are advised that WECC will not pay for any information or administrative costs incurred in response to this RFI; all costs associated with responding to this RFI will be solely at the interested party’s expense. Not responding to this RFI does not preclude participation in any future RFP, if any is issued.

**1.3 Overview of RFI**

The City of Milwaukee has received approximately \$12 million from a US Department of Energy grant for use in implementing a community-based energy efficiency building retrofit program over the next three (3) years. The ME2 program will use approximately \$5,350,000 million of the grant as loan loss reserves to provide effective energy efficiency retrofit financing programs for City of Milwaukee homeowners and businesses. The size of the loan loss reserve for residential is \$1,500,000. The size of the commercial/industrial loan loss reserve is \$3,850,000. The goal of the ME2 project is to achieve at least \$60 million in total loans over the three year program period.

This RFI is seeking banks, credit unions and other financial institutions that would be interested in providing the loan capitalization and loan origination and servicing functions for the ME2 program loans, with the following attributes:

- Interest rate to customer not to exceed 7% per annum (including loan origination and servicing costs)
- Fixed interest rate loans only with no prepayment penalty
- Unsecured loans with loan terms up to 10 years
- Residential loans between \$1,000-\$12,500
- Commercial & Industrial Loans between \$1,000-\$150,000 (the maximum loan amount will be subject to negotiation)

The loan loss reserve funds would be available to the lender for all eligible loans. Loan eligibility and underwriting criteria would be developed with the ME2 Project

## **2.0 Background**

WECC, a national leader in the design and implementation of energy efficiency and renewable energy programs, on behalf of the Cities of Milwaukee, Madison and Racine, Wisconsin, filed an Application for and received a grant award for \$20 million from the United States Department of Energy (DOE) in Funding Opportunity Announcement Number DE-FOA-0000148 Recovery Act: Energy Efficiency and Conservation Block Grant, Competitive Solicitation: Retrofit Ramp-up and General Innovation Fund Programs (currently named “BetterBuildings”). The grant funds will be used to develop and implement energy efficiency programs for a three (3) year pilot project that may continue after that period. More information about WECC is available at [www.weccusa.org](http://www.weccusa.org). More information about the US DOE BetterBuildings grant is available at <http://www1.eere.energy.gov/wip/eeecbg.html>. More information about the City of Milwaukee ME2 program is available at <http://www.city.milwaukee.gov/greenteam/MilwaukeeEnergyEfficiencyME2.htm>.

2.1. Expected Activity: The current ME2 estimates for residential retrofit loan activity is 4500 loans over the 3 year grant period with the typical loan amount averaging around \$4500 per loan for a total amount of financing of \$20,000,000. The total amount of multifamily, small and large commercial & industrial loans is currently estimated to be \$40,000,000 over the 3 year project period. The average C&I loan amount is expected to be above \$10,000.

2.2. Delivery period: The financing products are expected to begin operation in November, 2010, and continue to the end of June, 2013, the end of the grant period. It is an objective of the ME2 program to continue after the end of the grant period.

2.3 Limitations: Any lender must be eligible to provide lending services in Wisconsin.

## **3.0 Requested information**

- 3.1. State the name and mailing address of your organization, type of entity (partnership, corporation etc.), and the name, title, e-mail and fax number of the designated point of contact for WECC.
- 3.2. Is your firm interested in providing: (check all boxes that apply) ☐ loan capitalization and loan origination/servicing functions; ☐ loan capitalization only; or ☐ loan origination/ servicing functions only for the ME2 program?

- 3.3. Is your firm interested in providing the service you marked above for: (check all boxes that apply) \_\_\_\_residential retrofits , \_\_\_\_small commercial retrofits and/or \_\_\_\_medium to large commercial/industrial retrofits?
- 3.4. Would your firm be interested in being a full-service provider to the ME2 program (loan capitalization and loan origination/servicing) for loans based upon the general attributes stated in section 1.3 above? Please note any general provision that you may not find acceptable, briefly describe what might make that attribute acceptable or state what an alternative acceptable general term might be (especially for the lending rate to customers)?
- 3.5. If your firm is interested in providing loan capitalization funding only, please describe the quantity, cost and term of such funds that you may be willing to provide the ME2 program and what key conditions would be required for use of those funds.
- 3.6. If your firm is interested only in providing loan/origination and servicing functions, please provide an estimated cost per loan and what costs are included in the cost per loan that could be amortized for recovery into a loan. What is the average time after receiving a completed application for an unsecured loan to inform the customer whether the loan is approved or denied? What would an average time be between receiving an authorization to pay a borrower and the issuance of a check to the borrower?
- 3.7. Would your firm be interested in discussing its potential participation in the ME2 program with WECC?

#### **4.0 Responses**

- 4.1. Interested parties are requested to respond to this RFI with written responses in a format that addresses in order the information requested in Section 3 above.
- 4.2. Responses in WORD or PDF are **due on or before September 10, 2010 by 5:00PM Central Time**. Responses shall be limited to 5 pages and submitted via e-mail to [sueh@weccusa.org](mailto:sueh@weccusa.org). Proprietary information, if any, should be minimized and **MUST BE CLEARLY MARKED**. Please segregate any proprietary information. This information may be shared with the City of Milwaukee and therefore potentially subject to the state Public Records Act. Please be advised that all submissions become the property of WECC and will not be returned. WECC acknowledges that the responses to this RFI in no way commit the responder in any manner of WECC in its unlimited discretion decides to issue a Request for Proposal (RFP) for the services sought in this RFI.
- 4.3. Responder Administrative Information: should include:
- 4.31 Business type and size including whether the firm is a small disadvantaged business, a 8(a)–certified small disadvantaged business, woman-owned small business, veteran-owned small business, and/or service-disabled veteran-owned small business.

#### **5.0 Discussions with Responders**

WECC representative may or may not choose to meet with potential offerors. Such discussions would only be intended to get further clarification of potential capability to meet the requirements of the ME2 energy efficiency financing programs.

## **6.0 Questions**

Questions regarding this announcement shall be submitted in writing by e-mail to the e-mail address set forth in section 4.2 above. Verbal questions will NOT be accepted. Responses to questions will be posted on the WECC website at [www.weccusa.org](http://www.weccusa.org).

## **7.0 Summary**

**THIS IS A REQUEST FOR INFORMATION (RFI) ONLY TO IDENTIFY SOURCES THAT CAN PROVIDE THE SERVICES SOUGHT IN THIS RFI. The information provided in this RFI is subject to change and is not binding on WECC. WECC has made no commitment to procure any of the services discussed in this RFI and release of this RFI should not be construed as such a commitment or authorization for which reimbursement would be required or sought. All submissions become the property of WECC and will not be returned.**

## **APPENDIX A: Description of the ME2 program**

The objective of the ME2 program's energy efficiency financing products is to provide valuable, easy to access, low-cost energy efficiency financing opportunities for City of Milwaukee homeowners and businesses, particularly for comprehensive energy efficiency retrofits. The ME2 program goal is to provide loans to eligible borrowers if the expected value of the savings from the project will exceed the expected costs (i.e. the project is cost-effective to the customer) as determined by independent BPI certified building science consultants qualified to participate in the program.

Residential customers in the City of Milwaukee will be offered an improved opportunity to undertake comprehensive cost-effective energy efficiency home retrofits including, the use of enhanced financing products. The goal of these financing products is to mitigate existing barriers to traditional financing products that deter many customers from undertaking and financing comprehensive home retrofits. The financing products will target potential customers that have an income exceeding 250% of federal poverty guidelines (i.e. this is not a low-income weatherization program). Typical retrofit measures that will be financed include attic and wall insulation, air sealing, new furnaces/boilers and water heaters and other measures that are not portable (i.e. have the nature of a fixture).

The ME2 program will leverage Wisconsin's current statewide residential retrofit program, Focus on Energy's Home Performance with ENERGY STAR, including utilization of the program's partnering energy consultants and trade allies to deliver the program to ensure high-quality results (including estimates of savings and costs) for the homeowner, as well as to promote the overall ME2 program. This approach will allow customers to receive financial incentives for energy efficiency improvements available from the Focus on Energy Program and federal tax credits or incentive funds (while they last). More information regarding Focus on Energy's Home Performance with ENERGY STAR Program is available at [www.focusonenergy.com](http://www.focusonenergy.com). Local community organizations and Energy Advocates will be used to augment marketing efforts by WECC and the City of Milwaukee to promote the program, as well as help deliver the program. The ME2 program is designed to serve approximately 4,500 homes with comprehensive energy retrofits over the three-year grant period.

The business portion of the ME2 program will provide new contracting and financing options that make it easier and more affordable to pursue comprehensive retrofits. One of several options (but not primarily limited to) includes the implementation of a Property Assessed Clean Energy (PACE) financing product. (Note: A PACE residential program will not be pursued until the national issues raised by the FHFA are resolved) The PACE model would allow a qualified energy efficiency loan to be collected on the borrower's city property tax bill and recovered as a "special charge." The PACE model would require that the servicing entity must be able to download loan data to the City's property tax bill system. It is anticipated that the lending rate for a PACE program would be lower than an unsecured program due to the additional loan collection and security provided by that model. More information on a commercial PACE model is available at [www.pacenow.org](http://www.pacenow.org).

The ME2 program will offer specific energy efficiency financing opportunities for: 1) small commercial stores/businesses as well as non-profits; 2) multi-family housing; and 3) medium to large commercial and industrial properties/businesses. These loan offerings could involve both unsecured and secured loan products in addition to the PACE model. The ME2 commercial and industrial programs will be designed so that customers can receive Focus on Energy financial incentives for energy efficiency improvements as well as available federal tax credits and/or incentives. More information on Focus on Energy business programs is available at [www.focusonenergy.com](http://www.focusonenergy.com).

WECC, as an independent contractor on behalf of the City of Milwaukee's ME2 program will use part of the ME2 funds to establish a loan loss reserve of at least 5% for the residential energy efficiency loan product to City of Milwaukee residents and a loan loss reserve of 8% for the commercial and industrial (C&I) energy efficiency loan product for businesses within the City of Milwaukee. An agreement to provide access to the loan loss reserves would be executed between WECC and any entity selected to provide funding for the financing product(s) should an RFP for these services be issued. Neither WECC nor the City of Milwaukee will be liable for loan amounts beyond the established loan loss reserve.